

Create a not-for-Profit Corporation as the local GBS for stakeholder buy-in

Final Report -----

Contract No.:	278-C-00-02-00210-00
Contractor Name:	Chemonics International, Inc.
USAID Cognizant Technical Office:	Office of Economic Opportunities USAID/Jordan
Date of Report:	March 2004
Document Title:	Create a not-for-profit Corporation as the local GBS for stakeholder buy-in Final Report
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Activity Title and Number:	Achievement of Market-Friendly Initiatives and Results Program (AMIR_2.0_Program) F/Filing Preparation, ECI Component Work Plan No. 7220.3

Funded by U.S. Agency for International Development

This report was prepared by International Business Legal Associates (IBLAW), in collaboration with Chemonics International Inc., prime contractor to the U.S. Agency for International Development for the AMIR Program in Jordan.

Data Page:

Name of Component:	ECI – Enhanced Competitiveness Initiative
Author:	International Business Legal Associates (IBLAW)
Service Offering:	N/A
List of Key Words Contained in Report:	<ul style="list-style-type: none">- GBS Legal Structure- MOA- Letter of Commitment- القوانين التي صدرت بخصوص الجامعات غير الحكومية- Licensing Private University/Academic Institutions Instructions- Instruction for Licensing the Establishment of “Private Universities and Academic Institutions and its Procedures.

Abstract

The objective of this consultancy is to establish an independent, non-profit corporation that provides degree and non-degree academic programs and licensed by the GOJ as a higher education institution offering graduate programs. The corporation must be able to raise its own finances, accept contributions from Jordanian and foreign sources, and be completely self-governing. Its governance must be perpetual and self-governed according to internal bylaws. Accreditation of its programs should be based on criteria proposed by the Corporation.

Abbreviations and Acronyms

AMIR	Achievement of Market-friendly Initiatives and Results Program
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USAID	United States Agency for International Development
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The year 200457

EXECUTIVE SUMMARY

- The challenge was to determine the legal structure of the GBS. As a first step a legal study was prepared in respect of the possible legal structure: “Society” and “Non-profit company”.
- The team was briefed on the pros and cons of each legal structure, it was determined that the non-profit company is the preferable for this project.
- In view of the business plan of the GBS project and the particular requirements thereof- requested by AMIR’s team, the Limited Liability Company (LLC) or Private Shareholding company (PSC), are the most favorable legal structure.
- A legal study was prepared on the Private Shareholding Companies which included the capital, the general assembly, the board of directors, taxation and other related issues.
- A draft Memorandum of Association was prepared to be reviewed by the team.
- It was proposed that the founding shareholders sign a Commitment Letter, the draft was reviewed by IBLAW.
- The Commitment letter and the Shareholders Agreement regulated the relationship between the shareholders, Restrictions on Transfer of Shares by Founders, Board Representation, Confidentiality, and other regulatory issues. Also it included an acknowledgment by the shareholders the parties hereto are aware of and acknowledge that a U.S. partner will provide the Shareholders with the needed expertise and credibility to the development and implementation of the Graduate Business School (GBS) project.
- The legal environment addressed in the Private Placement Memorandum (prepared by Mr. Halabi) was reviewed by the IBLAW.
- A draft Shareholders’ Agreement was prepared.
- On the year 2004 the Council of Higher Education adopted a resolution in respect of Licensing the Establishment of “Private” Universities and Academic Institutions and its Procedures (Instructions).

The above mentioned Instructions was translated to English, and a legal study was made on the above mentioned Instructions both in Arabic and English.

CHAPTER ONE

GBS Legal Structure of the Owner

Two Options

- Society
Charitable Society
- Non-Profit Company
Non-Profit Companies may be registered in accordance with one of the types of companies provided in the Companies Law

Competent Ministry

- Society
Ministry of Social Development OR Ministry of Culture (as the case may be)
Objectives of the Society determines the Competent Authority
- PSC
Ministry of Industry & Trade (Companies Controller Directorate)

Founders

- Society
Not less than 7 members
- PSC
Not less than 2 shareholders

Capital

- Society
There is no need for a capital to be determined.
(Subscription fees should be paid by the members)
- PSC
Capital should be not less than 50'000 JD

Registration fees

- Society
Not required
- PSC
6/1000 of the capital stated in Memorandum Of Association (MOA)

Management

- Society
 - The Society shall be managed by Board of Directors

- Board of Directors members shall be elected from the members of the Society
- Board of Directors members shall not be less than 7 and not more than 12
- Board of Directors term not exceeding two years, can be elected for more than one term
- The members of the Board will elect President, Deputy of the President, Secretary, Treasurer

Management

- PSC
 - The Company shall be managed by Board of Directors
 - Board of Directors members shall be elected from the shareholders or others
 - Board of Directors members shall not be less than 3 and not more than 13
 - Board of Directors term not exceeding four years
 - The members of the Board will elect Chairman, Deputy of the chairman and Secretary

Board Meetings

via telecommunications means

- Society
Not available
- PSC
Board of Directors may hold its meetings by telephone or any other means of communication if this is permitted by the Company MOA

Supervision & Competent Authority Attendance

- Society
 - Supervision of the Competent Ministry as the case may be
 - A representative of the competent Ministry must attend the general assembly meeting as well as a representative from the Public Security Directorate
 - The Board of Directors shall provide the Competent Ministry with the General Assembly's minutes of meeting, the annual balance sheet and final accounts audited by the Society Auditor, the annual report regarding the Society activities, achievements and projects

Supervision & Competent Authority Attendance

- PSC
 - Supervision of the Ministry of Industry & Trade
 - The Controller shall not be invited to attend a PSC General Assembly meetings, whether ordinary or extraordinary
 - The Board of Directors shall provide the Controller with: I) the Company's annual balance sheet and final accounts, including the profit and loss account, cash flow statement (audited by the Company auditors), II) annual report regarding the Company's business, achievements and projects.

Quorum of the General Assembly & Voting

- Society
 - Legal if attended by more than 50% of all voting members

- Members (with their subscription fees paid) are entitled to vote in the General Assembly
- PSC
 - Could be determined in the MOA, which could reach 100% of the voting shareholders (minimum ordinary more than 50% and extraordinary 75%)
 - Shareholders with Voting Shares are entitled to vote in the General Assembly

Income Tax

- Society

The income derived from a business not for profit purposes shall be fully exempted from Income Tax
- PSC

The income of the Non-profit company shall be fully exempted from Income Tax, excluding incomes earned by this company from sources subject to tax

Income Tax – Cont'

Article 12 of the Income Tax Law provides that any person is permitted to deduct from his taxable income any amount which he paid in the Kingdom as a donation or contribution to a religious, charitable, humanitarian, scientific, cultural, sport or professional cause, without any personal benefit, if such cause has been recognized by the Council of Ministers provided that deductible amounts under the provisions of this law do not exceed one quarter of the taxable income before making this deduction.

Changing to PLC

- Society

Not Available
- PSC

May be transformed to a Public Shareholding Company pursuant to the provisions stipulated in the Companies Law

Types of Membership

- Society
 - Founding member
 - Regular member
 - (with the right to vote but may not run for election to Board)
 - Active member
 - (with the right to vote and to run for election)
 - Honorary member
 - (with no voting rights and may not run for election)

Classes of Shares

- PSC

PSC may, according to its MOA, issue various types and categories of shares different in:

 - Value
 - Voting power

- Ability to be converted into other types of shares
- Options shares

Issuance of Shares by the Board of Directors

- Society
Not available
- PSC
According to the MOA, the Board of Directors may issue the shares:
 - at any value, either in cash or in-kind shares, or
 - by offering shares to the Company staff or their Provident Fund, or
 - by any other method, in pursuance to the conditions stipulated therein

Listing in the Stock Market

- Society
Not available
- PSC
Optional

Death of Member – Shareholder

- Society
Membership is terminated
- PSC
The shares of the deceased may be transferred to the successors, or may be subject to evaluation, upon which the company pays this amount of the shares to the successors or it may be distributed among the shareholders.

Dissolution / Liquidation

- Society
To the Competent Ministry
(transfer of the Society's property and assets to other charitable society or public utility institution is subject to the Competent Ministries approval)
- PSC
Upon liquidation of the Company, its property and assets can be transferred to:
I) a non-profit company, or II) Charitable Society, or III) public utility institution

CHAPTER TWO

MEMORANDUM OF ASSOCIATION OF ----- Not-for-Profit PRIVATE SHAREHOLDING COMPANY LIMITED

PART 1 – DEFINITIONS AND INTERPRETATION

1. DEFINITIONS

1.1 Companies Law Definitions

Unless otherwise defined without conflict herein, definitions in the Companies Law apply to this Memorandum.

1.2 Definitions of this Agreement

Unless context or the Companies Law otherwise require, the following capitalised words and expressions have the meanings assigned hereunder wherever used in this Memorandum:

“Articles”	The Company’s Articles of Association, or any part thereof, as any may be amended from time to time pursuant to the terms and conditions therein as permitted by the Companies Law.
“Board of Directors” or	The board of directors of the Company as “Board” contemplated by the Companies Law and herein.
“Chair”	The chair of the Board.
“Companies Law”	The Companies Law, Number 22 of 1997, of the Kingdom, as issued, in force and effect and replaced, and otherwise amended from time to time.
“Company”	The <-----> Not-for-Profit Private Shareholding Company Limited, duly incorporated in the Kingdom.
“Controller”	The Companies General Controller as contemplated by the Companies Law.
“Director”	Any member of the Board for the time being appointed pursuant to this Memorandum.
“Extraordinary Meeting”	Any extraordinary meeting of the General Assembly as contemplated by the Companies Law or herein.

“Extraordinary Resolution”	Any resolution of the General Assembly passed by Shareholders at any Extraordinary Meeting as contemplated by the Companies Law or herein.
“General Assembly”	Every Shareholder.
“Kingdom”	The Hashemite Kingdom of Jordan.
“Memorandum”	This Memorandum of Association, or any part thereof, as any may be amended from time to time pursuant to the terms and conditions herein as permitted by the Companies Law.
“Minister”	Minister of Industry and Trade in the Kingdom.
“Officer”	Any person exercising any significant senior management responsibility on behalf of the Company and appointed as an officer of the Company as contemplated herein.
“Ordinary Meeting”	Any ordinary meeting of the General Assembly as contemplated by the Companies Law or herein,.
“Ordinary Resolution”	Any resolution of the General Assembly passed by Shareholders at any Ordinary Meeting as contemplated by the Companies Law or herein.
“Register of Directors”	The register of Directors of the Company.
“Register of Shareholders”	The register of Shareholders of the Company as contemplated by Article 83(bis) of the Companies Law and herein.
“Resolution”	Any Ordinary Resolution or any Extraordinary Resolution.
“Secretary”	The Secretary of the Board.
“Share” or “Share Capital”	Any share in the capital of the Company or the capital of the Company, individually or collectively, as applicable, including but not limited to any Common Share, as applicable, having attached thereto the rights and privileges specified in the Articles or this Memorandum or, in the event of any increase or decrease or analogous event related to the same, any share or capital derived therefrom.
“Shareholder”	Any party which owns any Share in the Company.

“Treasury Share”

Any Share held by the Company or any Share held by any other company of which a majority of its shares entitled to vote for the election its directors are held by the Company.

1.3 Interpretation of Words

The following rules govern interpretation of words and phrases in this Memorandum:

- (a) Words importing the singular include the plural and vice-versa;
- (b) Words importing the past tense include the present tense and vice-versa;
- (c) Words importing persons include juridical persons and vice-versa; and
- (d) Words importing the masculine include the feminine and vice-versa.

1.4 Substantive Provisions

If any provision in a definition is a substantive provision conferring rights or imposing obligations on any party, notwithstanding that it is only in the definition Paragraph of this Memorandum, effect shall be given to it as if it were a substantive provision in the body of this Memorandum.

PART 2 – CORPORATE PARTICULARS AND APPLICABLE LAW

2. Name of Company

The name of the Company is the < ----- > Private Shareholding Company Limited (“Company”).

3. Headquarters

The registered office of the Company shall be situated at <specify actual address>, Amman, P.O.BOX () ZIP Code () TEL: (.....) and it may establish branches elsewhere within or outside the Kingdom.

4. Company’s main objectives

4.1 In carrying out its business, the Company shall do all necessary acts and deeds in conformity with the laws and regulations in force for the realization and implementation of its objectives, including, without limitation:

- a. To merge with any other company having similar objects by way of sale, purchase or partnership or by any similar or other arrangements.
- b. To invest and use funds and contributions not immediately needed for the operation thereof according to the method it considers appropriate and beneficial and to purchase or acquire some or all the rights, assets or obligations of any other person, non-profit company
- c. To open accounts at banks and to deposit into, withdraw from, close and change the type of same and to borrow any money necessary for the operation thereof or related thereto and to mortgage some or all of its assets and moveable or immovable properties as security to the loans and obligations of the Company or those of other person or company.

- d. To enter with any other entity, private or public, into contracts and agreements deemed necessary and appropriate for the operation thereof and in relation thereto and to execute such agreements or arrangements.
- e. To import machines , equipment and programs that the Company may need to carry out any other matters or things that are or may be necessary to achieve the objectives stated above or any of them, whether stated clearly or not, and may carry out the said things either in person or through agents or representatives thereof.
- f. Perform whatever other acts or activities as necessary to advance the Company's objectives or any thereof whether mentioned or not. The Company shall be entitled to perform such acts or activities by itself or through agents or representatives thereof.

5. Date of commencement and duration of the company

- a. The duration of the Company shall be perpetual commencing on the date of registration.
- b. The Company shall commence operations from the date of its registration certificate is issued by the Controller in accordance with the Companies Law.

6. Status of Company and Liability of Shareholders

- a. The Company is a not-for-profit private shareholding company as per the provisions of the Companies Law. Accordingly, the number of Shareholders may not be less than 2 (two), except with the approval of the Minister, upon the justifiable recommendation of the Controller.
- b. The Company is a not- for- profit company, and consequently:
 - 1- All revenues accrued to the Company shall be used only for the purposes of covering its expenses incurred in furthering its objectives and/or raising its Capital.
 - 2- No dividends can be distributed among the Company's Shareholders.
- c. The Company may not offer its Shares for public subscription or increase its Capital or borrow by subscription.
- d. The Company may change its status to a public shareholding company, a limited liability company or a limited partnership in shares company by following the procedures provided for in the Companies Law. OR The Company may not change its status to a Public Shareholding Company.
- e. The Company's assets may not be attached or pledged to guarantee personal debts of any of the Shareholders, Directors or employees or to settle or pay up such debts.
- f. The Company may not stand as a guarantor of any of the Shareholders, Directors or employees or any other person before banks or any other party.

PART 3 – SHARES

7. Authorised Capital And Kinds And Conditions Of Capital

7.1 Authorized Capital

- a. The Capital of the Company shall be (2,000,000) two million Dinars divided into (----) ----- Shares, with a par value of (-----) Dinars per Share{ we need to fill this, in addition to any different classes of shares }
- b. Name, Class and Number of Shares, Nationality, Address and Signature of each founding Shareholder:

Name	Number of Shares		Total in dinars	Nationality	Address	Signature
	Cash	In kind				

7.2 In-Kind Capital

- a. If the Company's Capital or a part thereof is in-kind Shares, then the holders of such Shares shall keep same and refrain from disposing of them until they are delivered to the Company, registered in its name and the title thereto is transferred to it.
- b. If the holders of in-kind Shares do not comply with delivering and transferring the title of these Shares, as the case may be, to the Company within (30) thirty days of the Company's registration, which is subject to renewal upon the Controller's approval, such Shareholders shall be bound de jure to pay the value thereof in cash, according to the price approved by the founders in the Company's Memorandum. The Controller has the right to request proof of the accuracy of the evaluation of the value of the in-kind Shares.
- c. 1- If the Controller is not convinced of the accuracy of the evaluation of the in-kind Shares presented by the Shareholders, the Minister shall, based on the Controller's recommendation, form a committee from specialized and experienced persons at the Company's expense to evaluate the concerned Shares' monetary value, provided that one of the Shareholders is a member of the committee. The committee shall present its report to the Controller within a period not exceeding (30) thirty days from the date of its formation.
- 2- The Shareholders may object to the Minister on this report within (10) ten days of its presentation to the Controller. The Minister shall arrive at a decision concerning the objection within (2) two weeks of its presentation to the Controller. If he accepts the objection, the Company's registration will be rejected unless the Shareholders accept the evaluation, in which case the registration procedures shall be completed in accordance with the provisions of the Companies Law.

- d. Concession rights, patents, technical know-how and other intangible rights are considered as in-kind assets.

8. Alterations to Share Capital

8.1 Alterations

Subject to any applicable provision of the Companies Law, the Articles and this Memorandum, the Company may from time to time:

- a. Alter the authorized Share Capital specified by Article 7.1 of this Memorandum, including any increase or decrease of the same, and determine any Share premium or discount appropriate thereto;
- b. Pursuant and subject to Articles 68(bis)(a) and 68(bis)(c) of the Companies Law, issue any type or category of Share which differ in terms of nominal value, voting force, method and priority of profit and loss distribution among Shareholders, rights and priorities upon liquidation of the Company, aptitude to conversion into any other type of Share besides any other right, advantage, priority or other restriction related thereto;
- c. Issue any recoverable Share as contemplated by and subject to Article 68(bis)(b) of the Companies Law;
- d. Convert or replace any type or category of issued Share as contemplated by and subject to Article 68(bis)(d) of the Companies Law;
- e. Buy any Share it previously issued and re-issue or sell the same pursuant and subject to Article 68(bis)(e) of the Companies Law;
- f. Issue any option on any Share as contemplated by and subject to Article 68(bis)(f) of the Companies Law,

8.2 Approval by Controller

Within ten (10) days following ratification of any alteration to the Share Capital as contemplated by Paragraph 8.1 herein, the Secretary shall forward to the Controller:

- a. Minutes of the Extraordinary Meeting at which such requisite approvals and required resolutions were adopted; and
- b. A copy of the amended Articles and amended Memorandum.

9. Terms of Capital

9.1 Terms

Every Share authorized and issued by the Company, including but not limited to every Share arising as a result of any alteration of the Share Capital, shall be subject to the Articles and this Memorandum.

9.2 Fractional Shares

No Share shall be divisible.

In the event that any party acquires title to any fraction of any Share through death or bankruptcy of any Shareholder and application of any Applicable Laws related to the same, such party shall sell or assign such fraction to enable

the Company to register the full Share to which such fraction applies in the name of a single party or representative.

If any party fails to undertake any such action required of them under this Paragraph, the Board may assign any one (1) party with title to any fraction of any Share as the representative for every party with the same entitlement.

9.3 Form of Shares

Every Share issued by the Company shall be registered pursuant to the terms and conditions of this Memorandum.

10. Common Shares

10.1 Different Types of Shares???

10.1.1 Benefits

10.1.2 Restrictions

10.2 Redemption

10.2.1 Class A Common Shares

No Class A Common Voting Share shall be redeemable.

10.2.2 Class B Common Shares

The General Assembly may elect, pursuant to those Extraordinary Resolutions required by this Memorandum including, for the avoidance of any doubt, any Extraordinary Resolution of Class B Shareholders, to redeem every Class B Common Share.

Subject to the Companies Law, the precise form and method of redemption shall be determined as part of those Extraordinary Resolutions related to the same.

11. Pre-Emptive Rights to New, Repurchased or Execution on Shares

11.1 New Issues

The provisions of Article 81(bis) of the Companies Law apply to any new issuance of Shares by the Company and further apply, mutatis mutandis, to any repurchase of the Company of any of Share as permitted by Article 68(bis)(e) of the Companies Law.

11.2 Pre-Emptive Rights

With respect to any event contemplated by Paragraph 11.1 herein, the Company shall follow those procedures contemplated by Articles 73 and 74 of the Companies Law, mutatis mutandis, with the Company assuming every obligation related to the transferring Shareholder in addition to its own obligations there under.

11.3 Execution on Shares

In the event that any judgment is issued for any execution upon any Share, the Board shall notify every remaining Shareholder of the issuance of such judgment within seven (7) days of its knowledge thereof.

Priority of purchase shall be given to every other Shareholder in respect of any such Share on a pro rata basis based on the current Share Capital less any Share affected by any judgment contemplated herein.

If every Shareholder fails to agree upon a selling price within a period of thirty (30) days from the date of issuance of any such judgment, any affected Share shall be offered for sale by public auction and every Shareholder shall have the same right as any third party to acquire any such Share.

12. Register of Members

The Company shall maintain its Register of Shareholders in accordance with the requirements of Article 83(bis) of the Companies Law.

13. Transfer of Shares

13.1 Transfers

Any Shareholder may buy, sell, pledge, encumber, transfer, assign, deal, hypothecate or otherwise alienate any Share by registration of such act with the Controller pursuant to Applicable Law and the provisions of this Paragraph.

13.2 Recognition of Transfers

The Company may decline to recognize any transfer of any Share unless an original copy of an Authenticated Certificate applicable to any such Share is presented to the Company after which the Company shall duly amend its Register of Shareholders as required by the Companies Law.

13.3 Copy of Authenticated Certificate

The Company shall keep a copy of every Authenticated Certificate presented to it pursuant to Paragraph 13.1 herein as part of its records.

13.4 Form of Transfers

Subject to Article 83(bis)(d) of the Companies Law, the instrument of transfer of any Share shall be in writing in the following form (English or Arabic) or in any usual or common form or any other form that the Board may approve or Controller require:

Assignment Deed (Sale of Shares)

I/WE, the undersigned, of _____ (the "transferor"), in consideration of _____ Jordanian Dinars (JD _____), paid to me/us by _____ of _____ (the "transferee"), hereby sell/assign to the transferee (number of) Shares in the ----- Not-for-Profit Private Shareholding Company Limited, and the profits accrued from such Shares in the year in which the transfer took place, to own as the transferee, transferee's executors, administrators, and assigns, subject to the several conditions on which I/we held the same at the time of the execution of this assignment; and the transferee, by acceptance of this assignment, agrees to take those Shares subject to those conditions.

DATED this _____ day of _____, 20____.

Signature of transferor(s)

Signature of transferee(s)

Witnesses to the signatures:

13.5 Pledges and Liens over Shares

13.5.1 Effect of Pledge and Liens

In the event that any Share is pledge or attached:

- (a) The Shareholder making any such pledge or attachment shall notify the Company of the same and such pledge or attachment shall be recorded in the Register of Shareholders;
- (b) Any dividend due in respect of any pledged or attached Share shall be paid to the holder thereof unless the applicable pledge deed or attachment document has been provided to the Company and specifies otherwise; and
- (c) Notations of any pledge may not be removed unless the Company receives a written acknowledgment by the pledgee that they have fully recovered their right or receives any final judgment of a court of competent jurisdiction ordering the same.

13.5.2 Registration Requirement

Any pledge or attachment shall not be valid before the Company, any Shareholder or any third party unless registered in the Register of Shareholders as contemplated by Paragraph 13.5.1(a) herein.

13.5.3 Obligations of Pledgor

Any Shareholder pledging or attaching any Share shall bind any corresponding pledgee or party making any such attachment to honour every Resolution passed at any General Assembly meeting in the same manner as they are binding on the pledgor or Shareholder whose Shares have been attached.

13.5.4 Sale of Pledged or Attached Shares

No Share shall be sold or otherwise transferred in the event that any such Share is pledged or otherwise attached or if any such sale or transfer is prohibited by any Applicable Law or any provision of this Memorandum.

13.6 Indemnification

Neither the company nor any director, officer, employee, agent, advisor, consultant or representative is bound to inquire into the title of the transferee

of any share to be transferred or is liable to the registered or any intermediate owner of any such share for registering any transfer related to the same.

PART 4 – GENERAL ASSEMBLY MEETINGS

14. Companies Law

The convening and conduct of every meeting of the General Assembly shall be governed by the provisions of the Companies Law related to the same except as otherwise provided for, as permitted by Applicable Law, by the Articles or this Memorandum.

15. Form of General Assembly Meetings

- a. Every meeting of the General Assembly shall be either an Ordinary Meeting or an Extraordinary Meeting and which shall be governed by the provisions herein related to the same.
- b. Meetings of the Shareholders, whether Ordinary or Extraordinary, may be called by the Board of Directors, or upon the request of Shareholders holding not less than 25% of the Company's Shares or by the Controller upon a request submitted to him by any of the Board members, the Company's auditor or upon the request of Shareholders holding not less than 15% of the Company's Shares.
- c. The Board of Directors of the Company shall call the Ordinary Meeting to be held at least once during the first four (4) months of the Company's fiscal year at such time and place as shall be determined by the Board of Directors and stated in the invitation to the meeting.

16. Location of General Assembly Meetings

Absent the unanimous consent of every Shareholder otherwise, every meeting of the General Assembly shall occur in the Company's headquarters.

17. Quorum for Ordinary Meetings

The quorum of any Ordinary Meeting shall be met if attended by Shareholders representing more than one-half of the Company's Shares whether in person or by proxy. Should such a quorum not be present after the lapse of one hour from the time fixed for the meeting, then the meeting shall be postponed to another date to be held within (15) fifteen days from the date of the first meeting. Notice of the adjourned meeting shall be sent to the non-attending Shareholders in the same manner as that of the original meeting. The attendance of any number of Shares shall constitute quorum at the adjourned meeting.

18. Quorum for Extraordinary Meetings

The quorum for the Extraordinary Meeting shall be met if attended by Shareholders holding a majority of seventy five percent (75%) of the Company's Shares whether in person or by proxy. Should such a quorum not be present after the lapse of one hour from the time fixed for the meeting, then the meeting shall be postponed to another date to be held within (15) fifteen days from the date of the first meeting. The absent

Shareholder shall again be notified of that and the quorum for the second meeting shall be deemed legal if attended by (50%) or more of the Shares of the Company whether in person or by proxy. Should the quorum not be present, the meeting shall be cancelled whatever was the reasons for calling the meeting.

NOTE: (The above percentage of 75% and the 50% is subject to consent of the shareholders before signing this MOA. It can be increased up to 100%. Taking into consideration that the extraordinary meeting should not fall beneath 75%, and the adjourned meeting below 50%).

19. Effect of Treasury Shares

No Treasury Share shall be:

- (a) Counted to determine quorum at any General Assembly meeting;
- (b) Counted to determine the number of outstanding Shares; and
- (c) Entitled to vote in any General Assembly meeting or otherwise.

20. Agenda of Meetings

20.1 Ordinary Meetings

Every Ordinary Meeting shall deal with and dispose of all matters included hereunder:

- (a) The Board of Directors' report concerning the Company's business, activities and financial position during the previous fiscal year as well as the Company's future plan.
- (b) The Company's balance sheet, profit and loss account and cash flow and their approval after the auditors submit their report and discuss it.
- (c) The Board of Directors' election, as the case may be, according to this Memorandum.
- (d) The election of the Company's auditor and settling his remuneration.
- (e) Any other Company-related issues that are presented to the General Assembly by the Board of Directors or any Shareholder and the discussion of which is approved by the General Assembly, provided that the presentation of these issues to the General Assembly is not restricted to its Extraordinary Meeting in pursuance to the Companies Law or this Memorandum.

20.2 Extraordinary Meetings

Every Extraordinary Meeting may deal with and dispose of such matters as contained in the invitation of every such meeting as permitted by the Companies Law, including but not limited the following:

- (a) Amendment to the Company's Articles or this Memorandum, provided that the proposed amendments are attached to the invitation.

- (b) The decrease or increase of the Company capital provided that Article (82 bis) of the Companies Law is observed concerning the decrease of the capital.
- (c) The merger or incorporation of the Company through one of the incorporation methods stipulated in the Companies Law.
- (d) The Company's liquidation or abrogation.
- (e) The dismissal of a Company's Board of Directors or a member therein, unless such member is appointed by a certain category or type of share, in which case the removal should occur according to this Memorandum.
- (f) The sale of the all the Company's assets or the ownership of more than 50% of another Company's capital.
- (g) Any matter which falls under the extraordinary General Assembly's authority and stipulated in the Private Shareholding Companies Chapter of the Companies Law or in this Memorandum, whether explicitly or implicitly.
- (h) The issuance of corporate bonds convertible into shares.
- (i) An extraordinary General Assembly may discuss and approve any of the issues falling within the authority of the Ordinary Meeting.

21. Chair of Meetings

The Chair or, in Chair's absence, the Deputy Chair or, in the Deputy Chair's absence, one (1) of the Directors present and elected by the Board, shall preside as chair of every General Assembly meeting.

22. Adjournment of Meetings

22.1 Adjournment

Except as regards any failure to reach any quorum as contemplated by Paragraphs (17) and (18) of this Memorandum, the chair of any General Assembly meeting at which quorum is present may, with the consent of the General Assembly, and shall, if so directed by the General Assembly, adjourn any such meeting from time to time and from place to place, but no business shall be transacted at any such reconvened adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

22.2 Notice Requirements

No notice of any adjournment or nature of the business to be transacted at any reconvened General Assembly meeting shall be required except if any such meeting is adjourned for one (1) day or more in which case notice of the reconvening of the adjourned meeting shall be given as in the case of the original meeting.

PART 5 – ELIGIBLE VOTERS AT GENERAL ASSEMBLY MEETINGS

23. Registered Shareholders

Unless otherwise provided for herein or as part of any rights or restrictions determined upon creation or issue of any new class or type of any Share pursuant to the provisions herein, every Shareholder present in person or by proxy shall have one (1) vote for every Share registered in their name or under their control by proxy.

24. Joint Shareholders

Subject to the provisions of the Companies Law, any joint Shareholder shall exercise their vote through their duly authorized representative.

25. Corporate Shareholders

Subject to the provisions of the Companies Law, every body corporate which is a Shareholder shall exercise its vote through its duly authorized representative.

26. Custodians

Subject to any provisions of any Applicable Law, any custodian lawfully appointed to act on behalf of any Shareholder who is mentally ill or a minor shall exercise the vote of that Shareholder through its duly authorized representative.

27. Allocation of Votes

Any Shareholder entitled to more than one (1) vote need not use every vote or cast every vote in the same way.

PART 6 – PROXIES

28. Proxy Holders

28.1 Status

Any proxy holder need not be a Shareholder.

28.2 Powers

Any holder, whether a Shareholder or not, of any general or special proxy instrument given by any Shareholder shall be entitled to attend any General Assembly meeting and to vote if duly authorized under any such power to attend and take part in any such meeting.

29. Form of Proxy

29.1 Minimum Requirements

Unless the Board otherwise determines, the instrument appointing a proxy and the power of attorney under which it is signed, or a notarially certified copy thereof, shall be in writing under the hand of the appointer or their agent duly authorized in writing or, if the appointer is a body corporate, under the hand of an officer or agent duly authorized by such body corporate to sign the same.

29.2 Form

Any proxy, whether for a specified General Assembly meeting or otherwise, shall be in the form following or in any other form that the Directors approve:

----- **Not-for-Profit**
Private Shareholding Company Limited

I, the undersigned, of _____, being a registered shareholder of the ----- Not-for-Profit Private Shareholding Company Limited, hereby appoint:

_____ of _____ or failing them,

_____ of _____ or failing them,

_____ of _____,

as proxy to attend at and vote for and on behalf of the undersigned at the General Assembly meeting to be held on the _____ day of _____, 20__ and at any adjournment of that meeting as follows:

Voting Instructions		
Resolution	In Favor	Against
(indicate instruction to proxy by way of a cross in the space provided above)		

and, absent such instructions, to vote as they think fit.

DATED this _____ day of _____, 20__.

Signature of Shareholder

30. Delivery of Proxy

Every proxy shall be delivered to the chair or secretary of every General Assembly meeting prior to the exercise of any such proxy in any vote taken on any matter therein.

31. Effect at Adjourned Meetings

No proxy shall be used at any reconvened adjourned General Assembly meeting which could not be used at any original General Assembly meeting.

PART 7 – VOTING PROCEDURES FOR GENERAL ASSEMBLY MEETINGS

32. Resolutions

In Ordinary Meetings, a resolution of the Shareholders shall be deemed properly taken if taken by a majority of the attending Shareholders.

In Extraordinary Meetings of Shareholders, a resolution of the Shareholders shall be deemed properly taken if taken by a (100%) of the votes present at a meeting at which quorum is present.

NOTE: (The above majority may be increased and 100% is subject to consent of the shareholders before signing this MOA. Taking in consideration that the extraordinary meeting should not fall beneath 75% of the present votes entitled to vote at the meeting. And for the ordinary General Assembly shall take its decisions by the majority of the votes present at the meeting)

33. Voting Options

33.1 Hand and Polling

Any Resolution put to any vote at any General Assembly meeting shall be decided on a show of hands unless a poll is, before or on the declaration of the results of any show of hands, demanded by the chair or any Shareholder present at any such meeting.

33.2 Discretion

Any demand for a poll as contemplated by Paragraph 33.1 herein may be withdrawn.

34. Polling

34.1 Methodology

Any poll duly demanded pursuant to Paragraph 33.1 herein shall be taken in such manner as the chair of the General Assembly meeting so directs and the result of any such poll shall be deemed to be the Resolution of the General Assembly meeting at which such poll was demanded.

34.2 Scrutineers

Upon the request of any Shareholder, scrutineers shall be elected in sufficient numbers to adequately supervise the counting of the results of any poll held at any General Assembly meeting.

34.3 Timing of Polling

Any poll demanded on the election of any chair of any General Assembly Meeting or on any question of adjournment of any General Assembly meeting shall be taken forthwith at such meeting.

Any poll demanded on any other question of any General Assembly meeting shall be taken at such time as the chair of any such General Assembly meeting so directs.

34.4 Effect of Polling on Business

Any demand for any poll as contemplated by Paragraph 34.1 herein shall not prevent continuation of any General Assembly meeting for the transaction of any business other than the question upon which any such poll was demanded.

35. Declaration of Results

35.1 Evidence

Unless a poll is demanded, any declaration of the chair of any General Assembly meeting that, on any show of hands, any Resolution has been:

- (a) Adopted;
- (b) Adopted unanimously;
- (c) Adopted by a particular majority; or
- (d) Failed,

shall, upon completion of any entry to that effect in the book containing the minutes of the Company's proceedings, be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such Resolution at any such meeting.

35.2 Disputes

In the case of any dispute as to the admission or rejection of any vote of any General Assembly meeting, the chair of any such General Assembly meeting shall determine the same and such determination, made pursuant to Applicable Law, is final and conclusive.

PART 8 – DIRECTORS OF THE BOARD

36. Methods for Managing the Company

As contemplated by Articles 67(bis)(b)(6) and 67 (bis)(c)(7) of the Companies Law, the Company shall be managed by a Board of Directors.

37. Number of Members

The number of members of the Company's Board of Directors shall be seven (7).

38. Number and Qualifications of Directors

38.1 Number of Directors

The number of Directors shall be seven (7).

38.2 Officials as Board Members

No Official may assume membership in the Board at any time.

38.3 Share Qualification

Directors need not be Shareholders. If a Shareholder is a juridical person and was elected as a member on the Board of Directors, it shall nominate a natural person within 10 (ten) days from the date of its election to represent it on the Board of Directors. The Shareholder shall be considered as losing their membership on the Board if they fail to nominate their representative within one month from the date of its appointment.

39. Election of Directors

Subject to Paragraphs 38 and 41 herein, the election of Directors shall be determined by the General Assembly at its annual Ordinary Meeting and in accordance with the enacted Licensing Instructions for Establishing Private Universities and Private University Institutions.

40. juridical persons as directors

- (a) If a Shareholder is a juridical person and was elected as a member on the Board of Directors, it shall nominate a natural person within 10 (ten) days from the date of its election to represent it on the Board of Directors. Otherwise, they shall be considered as losing their membership if they fails to nominate their representative within one month from the date of their appointment.
- (b) The juridical person may, at any time and without giving any reasons, dismiss any or all of their representatives and appoint others as their successors. They may also re-appoint the same, provided that they inform the Board of Directors of such dismissal and re-appointment in all cases.
- (c) In the event of the death or resignation of such representative member, the juridical person shall appoint a successor thereto in the same manner that the original appointment was made.

41. Tenure of Directors

41.1 Term of Office

The term of every Director shall be four (4) years.

42. Board Vacancies

42.1 Vacancies at General Meetings

If, at any General Assembly meeting at which any election of Director ought to take place, the place of any retiring Director is not filled up, such General Assembly meeting shall stand adjourned and reconvene pursuant to the provisions of this Memorandum.

If, at any duly reconvened adjourned General Assembly meeting, any such vacancy is not filled, the same shall be deemed a casual vacancy and the provisions of Paragraph 43.2 herein apply, mutatis mutandis.

42.2 Casual Vacancies

If any vacancy arises on the Board due to the resignation or death of any Director, the Board shall elect any person as a Director to fill any such vacancy provided that any Director so elected shall hold office only until the conclusion of the next following General Assembly meeting but is eligible for re-election at that meeting in so far as to fill the balance of any term remaining, if any, of any Director in whose stead they were earlier elected.

42.3 Vacancies for Cause

Any Director who misses three (3) consecutive official meetings of the Board without reasonable explanation or due to illness or injury shall be deemed to have vacated their office and, upon a majority vote of the Board, be removed as a Director.

In any such circumstance, the provisions of Paragraph 42.2 herein apply, mutatis mutandis.

43. Removal of Directors

Subject to this Memorandum, the General Assembly may by Extraordinary Resolution remove any Director before the expiration of that Director's term of office and may elect any other person in replacement of such Director so removed for the remainder of such Director's term provided that, in any such circumstance, the provisions of Paragraph 42.2 herein apply, mutatis mutandis.

44. Disqualification of Directors

Any Director shall be obligated to resign if:

- (a) Such Director ceases to be a Director or becomes prohibited from being a Director by virtue of any provision of the Companies Law, including but not limited to Articles 74(bis)(a) and 74(bis)(c) therein, or any provision of the Articles or this Memorandum;
- (b) Without the consent of any Extraordinary Resolution of the General Assembly, such Director holds any other office of profit under the Company;
- (c) Knowingly commits any material breach of any provision of the Articles or this Memorandum or commits any material breach of any provision of the Articles or this Memorandum which they should have reasonably known to constitute a breach of the same;
- (d) Such Director resigns their office by notice in writing to the Company and the Controller;

- (e) Without permission of any duly passed Board resolution, such Director is absent from every Board meeting held during any six (6) month period;
- (f) Such Director contravenes Article 74(bis)(d) of the Companies Law; or
- (g) Such Director contravenes Article 74(bis)(e) of the Companies Law.

45. Compensation of Directors

45.1 Customary Compensation

The General Assembly shall from time to time by Extraordinary Resolution determine the compensation of the Directors, if any.

45.2 Special Compensation

If any Director is called upon to perform any service or make any special exertion beyond their normal duties to fulfill any of the Company's powers or objectives, including but not limited to traveling abroad, the General Assembly may resolve to compensate that Director by a fixed sum, and any such compensation may be in addition to or in substitution of any other compensation for Directors determined by Paragraph 46.1 herein.

46. Indemnity and Insurance

The General Assembly may resolve to purchase and maintain insurance to indemnify any Director from any action or omission taken by them in good faith on the Company's behalf or at the Company's direction.

47. Constituent General Assembly and Interim Managers

47.1 Founding Committee {will this be applicable?}

Pursuant to Articles 67(bis)(7) and 67(bis)(c)(10) of the Companies Law, the names of the persons to call the convention of the Company's constituent General Assembly required by Article 71(bis) of the Companies Law and manage the Company on an interim basis until election of the inaugural Board of Directors pursuant to Article 71(bis) of the Companies Law are:

1- -----

2- -----

3- -----

47.2 Decision Making Prior to Constituent General Assembly

Calling of the Company's constituent General Assembly and interim Company management by those persons contemplated by Article 48.1 herein shall be conducted by a simple majority vote of the same.

47.3 Termination of Interim Management Body

Every right and power vested with every person pursuant to Article 48.1 herein shall terminate upon conclusion of that General Assembly meeting contemplated by Article 71(bis) of the Companies Law and appointment of Company's inaugural Board of Directors therein unless otherwise provided for by the General Assembly at such meeting.

PART 9 – POWERS AND DUTIES OF THE BOARD

48. General Authority

48.1 Powers

48.1.1 General Powers

Subject at all times to the Applicable law, the Articles, this Memorandum and any bona fide resolution of the Company's General Assembly made from time to time in respect of the same, the Board of Directors shall have the following powers:

- (a) All powers and authorities necessary to manage the affairs of the Company and shall sign on its behalf in all administrative, financial, judicial and other matters and it may carry out all other acts that in its opinion guarantee the proper conduct of the business of the Company and the fulfillment of its objectives.
- (b) Borrow and mortgage the Company's real-estate, properties and assets and grant guarantees that are in the interest of the Company by a resolution taken unanimously by the Board's members, as it deems appropriate.
- (c) Be responsible, inter alia, for:
 - i. Preparing the annual balance sheet of the Company and its year-end accounts including profit and loss statements and statement of changes in financial position, all duly certified by the Company's auditors, and the annual report of the Company's activities, accomplishments and projects and shall submit same to the Company's General Assembly and to the Controller during the first 3 (three) months of the Company's new fiscal year.
 - ii. Inviting the Shareholders of the Company to an Ordinary Meeting during the first 4 (four) months of the fiscal year of the Company and to an Extraordinary Meeting in the events stated in this Memorandum.

48.1.2 Borrowings

Subject at all times to the Companies Law, these Articles and the Company's Memorandum of Association but without limiting the generality of Article 48.1.1 herein, the Company's Board of Directors may from time to time at their discretion authorize the Company to:

- (a) Borrow any sum of money for the purposes of the Company and secure repayment of any such sum in any such manner and on any such terms and conditions as it deems fit;
- (b) Issue any debt obligation or security of any nature in any manner and on any such terms and conditions as it deems fit;

provided at all times that the amount of all money borrowed and all other debt obligations secured by the Company's Board of Directors as aforesaid that remain undischarged, whether directly or indirectly, however remotely, apart from any temporary loans obtained from the Company's bankers in the ordinary course of business, shall not at any time exceed the amount of the Company's issued share capital plus the amount of any share premium

account, if any, without the prior sanction of an Ordinary Resolution of the Company's General Assembly.

48.2 Prior Acts

No rule made by the General Assembly in any General Assembly meeting shall invalidate any prior act of the Board or any Director that would have been valid if any such rule had not been made.

PART 10 – PROCEEDINGS OF THE BOARD

49. Meetings of the Board

49.1 Authority to Conduct Meetings

Subject to the Articles and this Memorandum, Directors may meet together at such times and in such places as they deem fit for the dispatch of business and may adjourn and otherwise regulate their meetings and proceedings, including time and other requirements for notice, as they see fit.

49.2 Minimum Number of Meetings

The Board shall meet, at a minimum, at least six (6) times between every annual Ordinary Meeting.

49.3 Calling Meetings

The Chair shall convene every meeting of the Board provided that, in the event that any Director requests in writing that the Chair convene any such meeting and the Chair declines such request or does not act upon any such request for more than five (5) days after receipt of the same, notice may be given to the Secretary requesting the convening of any such meeting and, if such notice is signed by at least two (2) Directors, the Secretary shall thereafter convene a meeting of the Board within fifteen (15) days after receipt of such notice.

50. Location of Board Meetings

Unless otherwise agreed by the Board of Directors, the Board's meetings shall occur in the Company's headquarters. However, the Board of Directors may hold its meetings by telephone or any other means of communication, provided that all Directors participating in the meetings are able to hear and debate one another regarding the meeting's agenda, and that the Board's chairman and secretary authenticate the minutes and attest that the meeting was convened legitimately

51. Notice of Board Meetings

51.1 Notice of Meetings

Unless waived by all Directors, at least five (5) days' notice of any Board meeting including, for the avoidance of any doubt, any meeting of any committee of the Board, shall be given to each Director thereof.

51.2 Waiver of Notice

Any Director of the Company who may be absent from the Kingdom may file at the registered office of the Company by way of letter, telegram, telefax or equivalent, a waiver of notice of Board meetings and may, at any time, withdraw such waiver.

Until such waiver is withdrawn, no notice of any Board meeting shall be sent to any such Director and any and all Board meetings for which notice has not been given to any such Director shall be valid and effective provided that a quorum of Directors is present.

52. Quorum of Meetings

The quorum for any Board meeting necessary for the transaction of business shall be a majority of Directors then in office.

53. Chairs

53.1 Chair and Deputy Chair

The Directors shall elect a Chair and Deputy Chair from their number at their first meeting after every Ordinary Meeting and determine the period for which such Chair and Deputy Chair shall hold office.

53.2 Chair of Meetings

Every Chair shall convene and chair every Board meeting provided that, if no Chair has been elected or such Chair is not present within thirty (30) minutes after the time appointed for holding any such meeting, the Deputy Chair shall convene and chair such meeting or, if the Deputy Chair has not been elected or is not present at any such meeting, the Directors present may choose one (1) of their number to chair such meeting.

54. Conduct of Business at Board Meetings

54.1 Agenda

Subject to the Articles and this Memorandum, any Director may place any matter of business on the agenda of any Board meeting except any matter required to be placed before the General Assembly in its Ordinary Meeting or any Extraordinary Meeting.

54.2 Resolutions

No resolution proposed at any Board meeting need be seconded and the chair of any Board meeting is entitled to move or propose any resolution as they deem fit.

55. Board Votes

55.1 Majority Rules

Except as otherwise provided for by the Articles or this Memorandum, every question arising at any Board meeting shall be decided by a majority of votes of Directors present at the same.

55.2 Resolutions without Meetings

Any resolution required or permitted to be passed by the Board at any meeting thereof may be taken without any meeting of the same if any such resolution is set in writing and signed by every Director.

56. Committees of the Board

56.1 Authority to Strike Committees

Unless otherwise prohibited by the Companies Law, the Board may from time to time delegate any but not every power or authority vested with them to any committee consisting of any Director or Directors as they deem fit and may confer any such power or authority for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they may deem expedient provided that, at their first meeting after every annual Ordinary Meeting, the Board shall form the following committees:

- (a) Audit Committee; and
- (b) Compensation Committee,
pursuant to those terms and conditions passed by Extraordinary Resolution of the General Assembly, as may be amended from time to time by the same.

56.2 Rules for Committees

In its proceedings, any committee formed by the Board shall conform to any rules that may from time to time be imposed on it by the Board and shall report every act done in exercise of its powers to the earliest meeting of the Board to be held next after such act has been done provided that, except for Paragraphs 49.2 herein, the provisions of Paragraphs 49 through 56.2 herein apply, mutatis mutandis, to every such proceeding.

57. Ratification of Actions

57.1 Board Actions

Every act done by the Board or any Board committee or by any party acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such committee or Director or party acting as aforesaid or that they or any of them were disqualified, be as valid as if every such committee or party was duly appointed and qualified to so act.

57.2 Certification of Resolutions

Any written statement signed jointly by the Secretary and the Chair or, in the Chair's absence, the Deputy Chair, confirming that any resolution taken by the Board or any Board committee was properly taken shall be deemed as conclusive evidence for the benefit of any third party that such resolution was so taken by the same.

Every party signing any statement contemplated herein warrants the correctness of such statement towards the Company.

PART 11 – MINUTES OF MEETINGS

58. Keeping of Minutes

The Company shall cause to be kept minutes of every Ordinary Meeting, Extraordinary Meeting, Board meeting and every meeting of every committee of the Board in accordance with provisions of the Companies Law related to the same provided that, notwithstanding such requirements, such minutes shall otherwise record and include, at a minimum, the following:

- (a) A copy of the notice of the meeting;
- (b) The date, place and time at which the meeting commenced;
- (c) The names and signature of every Director in attendance;
- (d) The names and signature of every Shareholder in attendance, either personally or by proxy, and the Shares held by every such Shareholder by type, class, absolute number and per centum of the Share Capital;
- (e) The name of the chair of the meeting;
- (f) A copy of the agenda of the meeting;
- (g) The appointment of every Officer, if applicable;
- (h) All proceedings and the nature thereof considered at the meeting, including but not limited to every Resolution, every outcome of every Resolution and every objection to every Resolution, if any;
- (i) The date, place and time at which the meeting adjourned; and
- (j) Any such other information as required by the Companies Law or the Board or General Assembly as they see fit.

59. Authentication of Minutes

Unless otherwise provided for by the Companies Law, the chair and secretary of every meeting contemplated by Paragraph 58 herein shall sign every set of minutes of every meeting attesting to their accuracy and completeness.

60. Retention of Minutes

The Company shall retain and file the minutes of every meeting contemplated by Paragraph 58 herein in accordance with the Companies Law and otherwise keep such minutes for a period of not less than five (5) years after every such meeting.

PART 12 – OFFICERS

61. Appointment of Officers

The Board may from time to time appoint any Officer, including but not limited to a Chief Executive Officer, on such terms and conditions and for such compensation as they see fit, provided that the powers vested in any Officer as well as every such appointment, term, condition and compensation thereof shall comply with every provision of the Companies Law.

62. Powers of Officers

Unless otherwise prohibited by the Companies Law, the Board may from time to time delegate any but not every power or authority vested with them to any Officer as they deem fit and may confer any such power or authority for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they may deem expedient.

PART 13 – DIVIDENDS

63. Power to Declare Dividends

Whereas the Company is a not-for-profit company, no dividends shall be distributed between the Shareholders.

PART 14 – RESERVES

64. Statutory and Voluntary Reserves

In addition to compliance with Article 85(bis)(a) of the Companies Law related to statutory reserves, the Company shall allocate, before declaring any dividend, an amount not exceeding twenty per centum (20%) of its annual net profits to its Voluntary Reserve Account.

PART 15 – ACCOUNTS

65. Record Keeping Requirements

The Board shall cause records and books of accounts to be kept as necessary to record properly, accurately, completing, legibly and permanently the financial affairs and conditions of the Company and to comply with the provisions of every Applicable Law including but not limited to the Companies Law.

66. Record Keeping Standards

The Board shall prepare the Company's accounts and financial statements according to Article (140) of the Companies Law.

PART 16 – FINANCIAL STATEMENTS

67. Fiscal Year

The fiscal year of the Company shall commence on 1 January of each year and conclude on 31 December of each year. As for the first fiscal year, it shall begin on the date of the Company's commercial registration and end on the last day of December of the year of registration

68. Minimum Financial Reporting Requirements

In addition to satisfying those requirements contemplated by Article 75(bis) of the Companies Law:

- (a) The financial statements of the Company contemplated by Article 75(bis)(a) of the Companies Law shall:
 - (i) Accurately present the state of the Company's business, its financial results, its performance against predetermined objectives and its financial position as at the end of the fiscal year concerned; and
 - (ii) Compare its actual performance in the reported fiscal year against its projected performance for the same period as well as its actual performance in the fiscal year immediately preceding the reporting period; and
- (b) The financial statements of the Company contemplated by Article 75(bis)(b) of the Companies Law shall:
 - (i) Accurately present the state of the Company's business, its financial results, its performance against predetermined objectives and its financial position as at the end of the fiscal reporting period concerned; and
 - (ii) Compare its actual performance in the fiscal year to date against its projected performance for the same period as well as its actual performance in the comparable period in the fiscal year immediately preceding the reporting period.

69. Appointment of Auditor

At their annual Ordinary Meeting, the Shareholders shall elect auditors for the Company. The auditors shall be chosen from among those auditors duly licensed to practice in the Kingdom.

PART 17 – NOTICES

82. Written Notices

Every notice hereunder shall be given, made and delivered in writing.

83. Address for Delivery of Notices

Every notice hereunder to every Shareholder and every Director shall be given, made and delivered to the same at their Registered Address.

84. Delivery of Notices

Unless specifically provided for otherwise by the Companies Law, any notice hereunder may be delivered by:

- (a) Hand;
- (b) Facsimile; or
- (c) Registered mail.

85. Deemed Delivery of Notices

Any notice hereunder shall be deemed to have been delivered:

- (a) If by hand delivery, when delivered against signed receipt;
- (b) If by facsimile delivery, when delivered; and
- (c) If by registered mail, six (6) days after mailing thereof,

Provided that an independently generated receipt of such dispatch shall be required to confirm evidence of the same.

86. Notices to Joint Parties

Any notice may be given by the Company to any:

- (a) Joint Shareholder;
- (b) Corporation; or
- (c) Custodian,

Who holds any Share by giving notice to their duly appointed representative as contemplated by Paragraphs 24, 25 and 26 herein, respectively.

PART 18 – LIQUIDATION

87. Discretionary Liquidation

In addition and subject to compliance with those provisions of Article 88(bis) of the Companies Law and any other Applicable Law, the General Assembly may by Extraordinary Resolution at any time vote to wind up the Company.

88. Liquidation In Case Of Substantial Losses

If a the Company is exposed to gross losses so that it becomes unable to meet its obligations towards its creditors, the Board of Directors shall invite the Company's Extraordinary General Assembly to a meeting to issue a decision, either to liquidate the Company, or issue new shares, or any other decision which would guarantee its ability to fulfill its obligations. If the General Assembly is unable to take a definite decision in this respect during two consecutive meetings, the Controller shall give the Company a one-month grace period to take the required decision. In the event the Company fails to do so, it shall be referred to the Court for compulsory liquidation in accordance with the provisions of the Companies Law.

89. Distribution of Assets

In addition and subject to compliance with those provisions of Article 88(bis) of the Companies Law and any other Applicable Law, if the Company be wound up, dissolved or liquidated for any reason, the assets remaining after payment of the debts and liabilities of the Company and the costs of liquidation shall accrue to any other not-for-profit company with similar objectives, a charity or an institution vested in public interest.

GENERAL RULE

90. Application of the law

The provisions related to the Public Shareholding Company stipulated in the Companies Law shall apply to this Private Shareholding Company, where there is no clear provision in its Articles or this Memorandum.

Executed with my knowledge:

Name of Advocate: _____

Signature: _____

Bar Association Number: _____

Date: _____

CHAPTER THREE

LETTER OF COMMITMENT

I, the undersigned, hereby acknowledge that I have understood the spirit and strategy proposed behind the establishment of a not-for-profit company that embodies the Centers of Excellence programme and approach by providing development of public and private sector institutions, assists them in achieving international best practices in governance, adopting a [culture of excellence](#), and achieving certified COE status.

I am fully committed to becoming part of this success story, and I am prepared to support its development by becoming a shareholder in this Company. As such, I realize that the funds that are used in the establishment of this Company and the capital put in are USAID funds and I acknowledged that no rights are established to me in connection with the mentioned shares and/or funds, and at no time I will use this money for any personal reasons, other than the development of the Company's objectives and purposes that are stated in its Memorandum of Association (MOA). Moreover, I am fully committed to not changing the status of this Company to a profit-making company and that in the event of the Company's liquidation or dissolution, the Company's funds and/or my shares in it shall revert to another not-for-profit company with similar objectives, or as stated in the MOA.

That is with the understanding that this commitment will be honored upon registration of a legal entity (the Company).

This commitment is irrevocable and not subject to any unilateral annulment.

In the event of selling or transferring my shares in the company, I undertake to comply with the MOA and, prior to the transfer, the buyer/transferee will execute similar commitment, where I, unconditionally and irrevocably, guarantee to the other shareholders and to the Company the performance of the buyer/transferee of such commitment.

Legal Environment

Upon raising of the required financial endowment, the founders of the GBS can proceed to register a legal, fully autonomous institution (a non-profit private shareholding company) that will own the GBS University.

The Owner company will have its own bylaws that insure the independence, credibility, and integrity of the institution that is consistent with the objectives, vision and mission of the GBS, and that conforms with requirements of the Ministry of Higher Education and Scientific Research and effective laws on higher education, namely Interim Law No (41) for the Year 2001, the "Higher Education and Scientific Research Law" and Interim Law No (43) for the Year 2001 the "Private Jordanian Universities Law", issued 28/8/2001.

Law No (41) specifies the jurisdiction of the Higher Education Council in approving education institutions in Jordan, and the appointment of the presidents and board of trustees

in the private universities. Furthermore, Law No (43) dictates that the GBS should have its own independent organization, academic, technical and financial structure, and that the GBS should be independent from the Owner, and that the president of the GBS should be appointed by the Higher Education Council after being nominated by the Board of Trustees.

An exception is made under Articles 26, 27 and 28 under of the Private Jordanian Law No (43), whereby it permits foreign universities or their branches or any of the Private Jordanian Universities associated with a foreign University some flexibility and exceptions to the appointment of the president and his deputies, the board of trustees, the board of the university, the board of the deans and the faculty board, as well as setting of the admission standards and the accreditation standards and criteria; subject to an agreement between the Ministry of Higher Education and Scientific Research and the Owner of the university, subject to approval by the Council of Ministers based on the recommendation of the Minister of Higher Education.

The Company's Memorandum of Association (MOA) will dictate the objectives of the Company, the founders, the types, rights and quality of the shares, the Company's management method and number of members of the Board of Directors and their power, as well as the assignment/rotation of board members to be consistent with MOA of the Company and the Jordanian Laws and regulations.

It is envisioned that the non-profit private shareholding company will have a board of directors (formed of 9 to 13 members, either from the shareholders or others) which will be elected by the shareholders of the Company.

The Company as a non-profit institution, its shareholders and donors should be able to apply their contributions toward tax exemptions, and the shareholders will not be able to withdraw their shares unless in the event of dissolving the institution which should command a 100% of the voting shareholders of the Company.

In the event that a shareholder in this Company passes away, his/her shares may be transferred to the successors, or the legal structure of the company may/will also allow for the possibility of a foreign shareholder or board member (specifically designated for the foreign partner who may require/elect to do so).

Companies Law

Non-profit companies may be registered in accordance with one of the types of companies provided for in this Law and in accordance with the provisions set forth in this Law.

These companies shall be registered in a special register named "Register of Non-Profit Companies."

(*) Articles and Memorandum of Association of this company will regulate:
its conditions,
objectives,

- work that it is permitted to practice,
- methods and manners of receiving assistance and grants,
- finance resources,
- spending methods,

- Liquidation and accrual of its money upon liquidation and death,

(*) Special Regulation that regulates this company is not yet issued by the government.

Private Shareholding Company (PSC):

Income Tax

- The donation should be paid in the Kingdom
- The donation should be to any of the following causes:
 - i. religious
 - ii. charitable
 - iii. humanitarian
 - iv. scientific (educational)
 - v. cultural
 - vi. sports
- The Council Minister should recognize the above mentioned cause, in order that the amount paid be deductible from taxable income.
- Deductible amounts under the provisions of this law do not exceed one quarter of the taxable income before making this deduction and after making the deduction.

(Article 12 of the Income Tax)

The income of the Non-profit company, which is registered in accordance with the Company's Law, shall be fully exempted from Income Tax, excluding incomes earned by this company from sources subject tax.

(Article 7/A/7 Income Tax)

Charitable Societies

- The owner of a University could be a corporation or society. (Article "2" Private Universities Law No. (43) of the year 2001 "PU Law")
- By this means a charitable society can be established as an owner of the University.
- The minimum members of this society should not be less than 7 members.
- Major objectives of the society would be providing social services to the community and development of the community without making any profits (non-profit basis), including other objectives like establishing a University, Institution and other related educational services.
- Memorandum Of Association (MOA) of this society shall include the following:
 - name of the society
 - name, profession, age of the founders
 - objectives of the society
 - membership and subscription
 - manner of electing the Board of directors
 - general assembly
 - managing and monitoring the property of the society
 - dissolving the society

- any further issues addressed by the founders, which are subject to the Minister's approval
- An application for the foundation of the society accompanied by its Memorandum of Association shall be submitted to the Competent Ministry. The society may not carry out its activities before the approval of the Competent Minister.
- The society shall keep at its headquarters records of:
 - its correspondence
 - copy of its MOA
 - name of its board members
 - name of its members
 - minutes of the general assembly meetings
 - minutes of the Board of directors meetings
 - expenditures and revenues
 - its assets and property
- The society shall be managed by Board of Directors whose members shall not be less than 7 and not more than 12 (they shall be elected from the members of the society) for a term not exceeding two years.
- The members of the Board will elect President, Deputy of the President, Secretary, Treasurer and members of the Board.
- The society is monitored by the competent Ministry as the case may be.
- A representative of the competent Ministry should attend the general assembly meeting.
- The Board of Directors shall provide the Competent Ministry with the General Assembly's minutes of meeting, the annual balance sheet and final accounts audited by the Association Auditor, the annual report regarding the society Activities, achievements and projects.

The Private Universities Law No. 43 of the year 2001 "PU Law" entitles any Societies or Corporations to own a Private University. Based on this input, the legal structure of the owner might be one of the following options:

1. Society
2. Corporation

As for the Society

- This structure is regulated in the Societies & Social Bodies Law No. (33) for the year 1966 "SSB Law".
- The Competent Ministry: Ministry of Social Development or Ministry of Culture, as the case may be. Ministry of Interior is as well involved.
- By this means a charitable Society can be established as an owner of the University.
- This Society is not entitled to generate any profits out of the project, and it should be non-profit Society.
- The minimum members of the Society should not be less than 7 members.
- Major objectives of the Society should be providing social services to the community and play role in developing it without making any profits (non-profit basis), including other objectives like establishing a University, Institution and other related educational services.
- Memorandum Of Association (MOA) of the Society shall include the following:
 - name of the Society.

- name, profession, their domicile and age of the founders (not to be less than 21 years old).
- objectives of the Society.
- membership and subscription.
- manner of electing the Board of Directors, its term, its membership qualifications and its responsibilities.
- general assembly meetings
- managing and monitoring the property of the Society
- dissolving the Society
- any further tasks addressed by the founders of the Society, which are subject to the Minister's approval.
- There is no need for a capital to be determined.
- Registration fees:
- An application for the foundation of the Society accompanied by its MOA shall be submitted to the Competent Ministry.
- The Society shall keep at its headquarters records of:
 - its correspondence
 - copy of its MOA
 - name of its board members and their title
 - name of its members
 - minutes of the general assembly meetings
 - minutes of the Board of Directors meetings, and its decisions
 - expenditures and revenues
 - its assets and property
- The Society shall be managed by Board of Directors whose members shall not be less than 7 and not more than 12 (they shall be elected from the members of the Society) for a term not exceeding two years.
- The members of the Board will elect President, Deputy of the President, Secretary, Treasurer.
- The Society is monitored by the competent Ministry as the case may be.
- A representative of the competent Ministry should attend the general assembly meeting.
- The Board of Directors shall provide the Competent Ministry with the General Assembly's minutes of meeting, the annual balance sheet and final accounts audited by the Association Auditor, the annual report regarding the Society activities, achievements and projects.
- Upon the approval of the Competent Ministry on the registration, the Society will proceed to get the license from the Ministry of High Education.

As for the Corporation

- This structure is regulated in the Companies Law.
- The competent ministry is Ministry of Industry & Trade, Companies Controller Directorate.
- By this means a Non-Profit Company can be established as an owner of the University.
- Non-profit companies may be registered in accordance with one of the types of companies provided for in the Companies Law.

- In view of the business plan of the GBS project and the particular requirements thereof- requested by AMIR's team, the Limited Liability Company (LLC) or Private Shareholding Company (PSC), are the most favorable legal structure.
- This Non-profit Company is not entitled to generate any profits out of this project.
- PSC offers further advantages than the LLC in respect of the requirements requested by AMIR team.
- In brief we can highlight the following on the PSC:
 - ⇒ PSC shall consist of 2 persons or more. However, the Minister of Industry and Trade may, upon a justified recommendation by the Controller, approve to register a private shareholding company composed of one person only, or to be owned by one person only.
 - ⇒ The capital of a private shareholding company shall be stated in Jordanian Dinars, and shall not be less than 50,000 JD. Paid-in capital shall not be less than 50,000 JD.
 - ⇒ The Company shall be managed by a Board of Directors whose members shall not be less than three and not more than thirteen, whether they are shareholders **or others**, in accordance with the Company's Memorandum of Association for a period not exceeding the four years.
 - ⇒ The Board of Directors shall elect a chairman, a deputy chairman and those authorized to sign on behalf of the Company. The chairman shall have a casting vote in the case of a tie in votes, unless the MOA provides otherwise.
 - ⇒ It Board of Directors shall appoint a Secretary from amongst its members or others.
 - ⇒ According to the PSC MOA, PSC may issue various types and categories of shares which differ in:
 - their terms of nominal value
 - voting force
 - their ability to be converted into other types of shares
 - ⇒ The MOA of a PSC may provide for the possibility of converting or replacing any share type or category issued by it into any other type or category upon the request of the Company or a shareholder or upon the fulfillment of a certain condition according to rates and method set in the Company MOA.
 - ⇒ Board of Directors may hold its meetings by telephone or any other means of communication if this is permitted by the Company MOA.
 - ⇒ PSC is released from the requirement to publish annual balance sheet, its profit and loss account, its cash flow statement, and its Board of Directors report in the local newspapers, unless required to do so by any other legislation, or regulations or instructions issued pursuant.
 - ⇒ Raising the quorum of the meetings and resolutions of the ordinary and extraordinary general assembly to (100%) of the shareholders.
- Ordinary General Assembly: The Ordinary General Assembly's powers lie in discussing and approving the following issues:
 1. The Board of Directors' report concerning the Company business, activities and financial position during the previous fiscal year as well as the Company future plan.

2. The Company balance sheet, profit and loss account and cash flow and their approval after the auditors submit their report and discuss it.
 3. The Board of Directors' election, as the case may be, according to the Company MOA.
 4. The election of the Company auditor and settling his remuneration.
 5. Any other Company-related issues that are presented to the General Assembly by the Board of Directors or any shareholder and whose discussion is approved by the General Assembly, provided that the presentation of these issues to the General Assembly is not restricted to its extraordinary meeting in pursuance to the Companies Law or the Company MOA.
- Extraordinary General Assembly: The Extraordinary General Assembly's powers lie in discussing and approving the following issues:
1. Amendment of the Company Articles or Memorandum of Association.
 2. The decrease or increase of the Company capital.
 3. The merger or incorporation of the Company through one of the incorporation methods stipulated in the Companies Law.
 4. The Company liquidation or abrogation.
 5. The dismissal of a Company Board of Directors or a member therein, unless such member is appointed by a certain category or type of share, in which case the removal should occur according to the Company MOA.
 6. The sale of all the Company assets or the ownership of more than 50% of another Company capital.
 7. Any matter which falls under the extraordinary General Assembly's authority.
 8. The issuance of corporate bonds convertible into shares.
 9. An extraordinary General Assembly may discuss and approve any of the issues falling within the authority of the Ordinary General Assembly.
- The Company MOA will determine the number of the Board of Directors' members, its membership qualifications, means of filling vacancies, its powers, the method of its appointment or election and the means of convening its meetings and decision taking.
- PSC General Assembly is comprised of the shareholders who are entitled to vote according to the Company MOA.
- An application for the foundation of a PSC accompanied by its Articles and Memorandum of Association, and names of its founders shall be submitted to the Controller.
- Articles and Memorandum of Association will include the following:
- The name of the Company.
 - Its headquarters and approved notification address.
 - The objectives of the Company.
 - The founders' names, nationalities, chosen notification addresses and number of shares held by each upon the Company inception.
 - The Company authorized capital and the number of authorized shares, their type, category, nominal value, rights, quality and advantages.

- The methods for managing the company, and the number of Board of Directors' members and their powers.
 - Names of those to call the convention of the constituent General Assembly and who will also manage the Company until the first Board of Directors is elected.
 - Procedures and rules of the shareholders' General Assembly meetings, both ordinary and extraordinary, their legal quorum and convening principles in addition to their powers and decision-taking method and issues related thereto.
 - Procedures and rules for the liquidation of the Company.
- Registration fees is 6/1000 of the capital stated in the Articles and Memorandum of Association.

Income Tax

In respect of the person who makes the donations:

- The donation should be paid in the Kingdom
- The donation should be to any of the following causes:
 - vii. religious
 - viii. charitable
 - ix. humanitarian
 - x.scientific (educational)
 - xi. cultural
 - xii. sports
- The Council Minister should recognize the above mentioned cause, in order that the amount paid be deductible from taxable income.
- Deductible amounts under the provisions of this law do not exceed one quarter of the taxable income before making this deduction and after making the deduction.

(Article 12 of the Income Tax)

In respect of the Non-profit Company:

The income of the Non-profit company, which is registered in accordance with the Company's Law, shall be fully exempted from Income Tax, excluding incomes earned by this company from sources subject tax.

(Article 7/A/7 Income Tax)

In respect of the Charitable Societies and Social Bodies:

The income of the Charitable Societies and Social Bodies registered and licensed by the Competent Authority, derived from a business not for profit purposes shall be fully exempted from Income Tax.

(Article 7/A/4 Income Tax)

CHAPTER FOUR

القوانين التي صدرت بخصوص الجامعات غير الحكومية

1. قانون الجامعات الاهلية المؤقت رقم 19 لسنة 1989
2. قانون الجامعات الخاصة رقم 26 لسنة 1999 (حل محل القانون اعلاه)
3. قانون الجامعات الاردنية الخاصة المؤقت وتعديلاته رقم 43 لسنة 2001 (حل محل القانون اعلاه)

صدرت تعليمات الترخيص و الاعتماد للجامعات الاهلية و تعديلاتها رقم 1 لسنة 1989 وهذه التعليمات نظمت احكام الترخيص و الاعتماد للجامعات الاهلية.

لمحة عامة عن التعليمات اعلاه:

- تعريف الجامعة الاهلية: كل جامعة او معهد عال او كلية لا تقل مدة الدراسة فيها عن اربع سنوات او ما يعادلها وتمنح الدرجة الجامعية الاولى (البكالوريوس) على الاقل تؤسسها وتملكها وتديرها وتشرف عليها جهة غير حكومية.
- وضعت هذه التعليمات فكرة الترخيص المبدئي وهي الموافقة المبدئية على انشاء الجامعة من قبل مجلس التعليم العالي. بحيث تلتزم الجامعة الحاصلة على الترخيص المبدئي بتوفير معايير الاعتماد العام خلال مدة اقصاها اربع سنوات من تاريخ الترخيص المبدئي وبمعكس ذلك اعتبر الترخيص المبدئي ملغى حكماً.
- معايير الاعتماد العام التي وردت في التعليمات اعلاه:

التنظيم العلمي

- مجالس الجامعة الأهلية (مجلس الأمناء/ مجلس الجامعة/ مجلس الكلية/ مجلس القسم)
- هيئة التدريس (الأساتذة/ الأساتذة المشاركين/ الأساتذة المساعدون/ المدرسون)
- فنيو المختبرات و المشاغل
- نظام الدراسة
- اللغة العربية اللغة المعتمدة ما لم يتم الحصول على موافقة مجلس التعليم العالي على ذلك.

التنظيم الاداري

- رئيس الجامعة و نوابه
- العميد و نوابه
- رئيس القسم
- مدير القبول و التسجيل

المباني والمرافق

- ارض الجامعة
 - المساحة لارض الجامعة الأهلية 40 م2 لكل طالب
 - عدد الطلاب لا يتجاوز عن 8000 طالب للجامعة الأهلية
 - المساحة لارض الكلية الجامعية 35 م2 لكل طالب
 - عدد الطلاب لا يتجاوز عن 4000 طالب للكلية الجامعية الأهلية
- قاعات التدريس
 - كليات الآداب والعلوم الإنسانية و الاجتماعية 60 طالب (الشعبة الواحدة)
 - كليات العلوم والعلوم التطبيقية 40 طالب (الشعبة الواحدة)

- قاعة المحاضرات
 - على الأقل قاعة محاضرات واحدة تشمل 200 طالب
- المختبرات
 - المختبر الواحد 60 م² (لا يزيد عن 20 طالب لكل حصة)
- المشاغل
 - المشغل الواحد 60 م² (لا يزيد عن 15 طالب لكل حصة)
- المكتبة
 - تستوعب 20% من طلبة الجامعة
- مرافق للاستعمال العام
 - الاستخدام العام (معارض/ طعام/ ترفيه/ خزائن للطلبة)
- مرافق للاستعمال الخاص
 - مرافق رياضية و وسائل تعليمية
- دورات المياه
- المشارب الصحية
- الملاعب الرياضية
- قاعات أعضاء هيئة التدريس و الإداريين

الأدوات والتجهيزات والمصادر التعليمية وتشمل

- المكتبة (10 كتب لكل طالب و لا يقل عن 10000 كتاب) وأثاث المكتبة
- أجهزة و الوسائل التعليمية (كأجهزة العرض والطباعة و النسخ والتصوير
- تجهيزات المختبرات والمشاغل
- السجلات والملفات

مقارنة بين تعليمات الترخيص و الاعتماد للجامعات الاهلية و تعديلاتها رقم 1 لسنة 1989 وبين تعليمات الترخيص لإنشاء الجامعات والمؤسسات الجامعية الخاصة 2004

تعليمات الترخيص و الاعتماد للجامعات الاهلية و تعديلاتها رقم 1 لسنة 1989	تعليمات الترخيص لإنشاء الجامعات والمؤسسات الجامعية الخاصة 2004	
شركة او جمعية	جهة غير حكومية	ملكية الجامعة الخاصة
المساحة لارض الجامعة الخاصة 120 دونم عدد الطلاب لا يتجاوز عن 8000 طالب للجامعة الخاصة	المساحة لارض الجامعة الأهلية 40 م ² لكل طالب عدد الطلاب لا يتجاوز عن 8000 طالب للجامعة الأهلية	مساحة الارض و عدد الطلاب
المساحة لارض المؤسسة الجامعية 60 دونم عدد الطلاب لا يتجاوز عن 4000 طالب للمؤسسة الجامعية	المساحة لارض الكلية الجامعية 35 م ² لكل طالب عدد الطلاب لا يتجاوز عن 4000 طالب للكلية الجامعية الأهلية	
5.000.000 دينار للجامعة 2.000.000 دينار للمؤسسة الجامعية	لم نجد في التعليمات	رأس المال

المؤسس	طالب الترخيص الذي يصرح له مجلس التعليم العالي بإنشاء جامعة أهلية	مؤسسون يتقدمون لترخيص مبدئي يكونون فيما بينهم وغيرهم (غير المؤسسين) شركة لا ربحية/ جمعية تملك الترخيص النهائي
المتطلبات للترخيص	تقديم طلب من المؤسسين اعلاه	طلب من أي مؤسسين (سيكونون شركاء مع شركاء آخرين في شركة لا ربحية او جمعية تملك الجامعة والترخيص النهائي)
	معايير الاعتماد العام: <u>التنظيم العلمي</u> <u>التنظيم الاداري</u> <u>المباني والمرافق</u> <u>الأدوات والتجهيزات والمصادر التعليمية</u>	للحصول على ترخيص مبدئي: - دراسة جدوى اقتصادية (موارد، نفقات سنوية، اعداد الطلبة الدارسين) - اسماء المؤسسين والسيرة الذاتية اسم الجامعة - الكليات و الاقسام والتخصصات والبرامج والمراكز المطلوب ترخيصها - التمويل المتاح - موازنة تقديرية ولفة انشاء مرافق المؤسسة الجامعية - مدد الدراسة والاختصاصات والدرجات العلمية - اتفاقيات التعاون العلمي
	خلال اربع سنوات من تاريخ الترخيص المبدئي على الجامعة ان تتم متطلبات الاعتماد العام والا يتم الغاء الترخيص المبدئي	يعرض الطلب على مجلس التعليم العالي خلال 2 شهر من تقديمه وبيت به المجلس خلال 6 شهور من تاريخ تقديمه (يصدر الترخيص المبدئي)
		بعد الترخيص المبدئي على طالب الترخيص و خلال 9 شهور تقديم المستندات التالية لغايات الحصول على ترخيص نهائي: - تأسيس شركة لا ربحية / جمعية - اشعار بنكي بايداع رأسمال الشركة لحساب الجامعة او المؤسسة الجامعية - سند رسمي بملكية الارض - مخطط شامل لموقع المؤسسة الجامعية - اسماء المرشحين لرئاسة واعضاء مجلس الامناء - نظام الهيئة التدريسية - الخطط الدراسية - النظام المالي - نظام الرواتب - نظام اللوازم و الاشغال - نظام البحث العلمي

	Non-Profit Company	Charitable Society
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	PSC	Society
Law	Companies Law	Societies & Social Bodies
Competent Ministry	Ministry of Industry & Trade (Companies Controller Directorate)	- Ministry of Social Development OR Ministry of Culture (as the case may be). <u>- Ministry of Interior Affairs is involved as well.</u>
Non-Profit	Is not entitled to generate any profits out of the project	Is not entitled to generate any profits out of the project
Founders	Not less than 2 shareholders ⇒	Not less than 7 members
Capital	Capital should be not less than 50'000 JD	There is no need for a capital to be determined. (A subscription fees should be paid by the members)
Registration fees	6/1000 of the capital stated in MOA	Not required
Management	The Company shall be managed by Board of Directors	The Society shall be managed by Board of Directors
Members of the Board	Board of Directors members shall be elected from the shareholders or <u>others</u>	Board of Directors members shall be elected <u>from the members of the Society</u>
Number of Board	Board of Directors members shall not be less than 3 and not more than 13	Board of Directors members shall not be less than 7 and not more than 12
Board of Directors Term	Board of Directors term not exceeding four years	Board of Directors term not exceeding two years, can be elected for more than one term.
Titles of the Board	The members of the Board will elect Chairman, Deputy of the chairman and Secretary	The members of the Board will elect President, Deputy of the President, Secretary, Treasurer
Meetings via telecommunication s manners	Board of Directors may hold its meetings by telephone or any other means of communication if this is permitted by the Company MOA	Not Available
Supervision	Supervision of the Ministry of	Supervision of the Competent

⇒ The Minister of Industry and Trade may, upon a justified recommendation by the Controller, approve to register a private shareholding company composed of one person only, or to be owned by one person only.

	Industry & Trade	Ministry as the case may be
Competent Authority attendance	The Controller shall not be invited to attend a PSC General Assembly meetings, whether ordinary or extraordinary	A representative of the competent Ministry must attend the general assembly meeting as well as a representative from the Public Security Directorate.
Submission of Documents to Competent Authority	During the first three months of the new fiscal year the Board of Directors shall provide the controller with: I) the Company annual balance sheet and final accounts, including the profit and loss account, cash flow statement and the accompanying explanations (audited by the Company auditors), II) annual report regarding the Company business, achievements and projects.	The Board of Directors shall provide the Competent Ministry with the General Assembly's minutes of meeting, the annual balance sheet and final accounts audited by the Society Auditor, the annual report regarding the Society activities, achievements and projects
Quorum of the General Assembly	Determined in the MOA, which could reach 100% of the shareholders	If attended by more than 50% of all voting members
Voting	Shareholders with Voting Shares are entitled to vote in the General Assembly.	Members (with their subscription fees paid) are entitled to vote in the General Assembly.
Application for registration	An application for the foundation of a PSC accompanied by its Articles and Memorandum of Association, and names of its founders shall be submitted to the Controller	An application for the foundation of the Society accompanied by its MOA shall be submitted to the Competent Ministry
Income Tax *	The income of the Non-profit company, which is registered in accordance with the Company's Law, shall be fully exempted from Income Tax, excluding incomes earned by this company from sources subject tax.	The income of the Charitable Societies and Social Bodies registered and licensed by the Competent Authority, derived from a business not for profit purposes shall be fully exempted from Income Tax
Changing to PLC	May be transformed to a Public	Not Available

* Article 12 of the Income Tax provides that (Any person is permitted to deduct from his taxable income any amount which he paid in the Kingdom as a donation or contribution to a religious, charitable or humanitarian, scientific, cultural or sport cause, if such cause has been recognized by the Council of Ministers provided that deductible amounts under the provisions of this law do not exceed one quarter of the taxable income before making this deduction)

	Shareholding Company pursuant to the provisions stipulated in the Companies Law	
Classes of Shares/ Types of membership	<p>The Company may, according to its MOA, issue various types and categories of shares different in: Value.</p> <p>Voting force.</p> <p>Ability to be converted into other types of shares.</p> <p>Options shares: PSC may issue share options that permit their holders to buy or request the Company to issue shares (The options' conditions, date of implementation and implementation prices of same shall be determined in the Company Memorandum of Association or pursuant to a decision by the Board of Directors provided that it is authorized to do so by the extraordinary General Assembly).</p>	<p>Types of membership:</p> <p>Founding member</p> <p>Regular member (with the right to vote but may not run for election to Board)</p> <p>Active member (with the right to vote and to run for election)</p> <p>Honorary member (with no voting rights and may not run for election)</p>
Issuance of shares by the Board of Directors	The Board of Directors may issue the shares allowed to be issued: at any value, either in cash or in-kind shares, or by offering shares to the Company staff or their Provident Fund, or by any other method, in pursuance to the conditions stipulated by the MOA and its General Assembly	Not available
Listing in the Stock Market	PSC may decide to list its securities at the Stock Market and to negotiate same in accordance with the regulations and instructions issued by the Securities Commission	Not available
In case of death	In this case the shares of the deceased can be subject to evaluation, upon which the company pays this amount of the	Membership is terminated

	shares to inheritors or it can be distributed among the shareholders.	
Liquidation/ dissolving	Upon liquidation of the Company its property and assets can be transferred to: I) a non-profit company, or II) Charitable Society, or III) public utility institution.	To the Competent Ministry. *

CHAPTER FIVE

Licensing Private Universities/ Academic Institutions Instructions

- Board of Directors of the OWNER of the Academic Institution:
2/3 of the Board members should be holders of Doctorate Degree or with experience in the field of high education (subject to the Council approval).
- The capital of the Academic Institution:
Not less than (2'000'000) two million JD (including the land), provided that in all cases the value of the land should not exceed 40% of the founding capital.
- Area of the Academic Institution:

* This is debatable. In respect of the PSC it is subject to the controller approval. In respect of the Society transfer of the Society's property and assets to other charitable society or public utility institution is subject to the Competent Ministry approval.

Should not be less than 60 x 1000 sq.m (This area is subject to expansion (30 sq.m) per student (in case students more than 2000 students) provided that it should not exceed 3000 students.)

- The OWNER of the Academic Institution may contract with an “Educational Investment Company” on fees bases or on a percentage out of the gross revenue of the University to do the following:
 - a. Completion of the constructions.
 - b. Completion of the facilities.
 - c. It may provide or supply the land (within the initial period of the primary license).
 - d. Setting up the building and facilities.
 - e. The contract between the OWNER and the Educational Investment Company to the Council.
- License issued for the favor of a non-profit company shall be cancelled in case it is transferred and altered to a profit company.
- Academic Institutions Fees:
For the Final license (paid to High Education not the Ministry of Trade) 50'000 JD.
- Licensing Procedures / Academic Institutions

Phase one:

- Feasibility Study; includes the expected resources, annual expenses and funds.
- Name of the Founders and their CV's.
- Name of the Institution and its location.
- Goals and objectives of the Institution.
- Divisions, programs and centers that need to be licensed.
- Budget that includes that the capital of the Institution is not less than 2 million JD.
- Term of education, specialization and degree.
- Cooperation agreement with other Arab or foreign universities.

Accordingly, Provisional License will be issued.

Consequently, Phase two:

- Establishing a non-profit company.
- Bank notice that the 2 million was deposited in the account of the Institution.
- Official Land Deed that indicates the ownership of the Institution of the Land.
- The Contract signed with Educational Investment Company in respect of the land, infrastructure, facilities and constructions.
- Architect Brief and master Plan.
- Board of Trustees (nominees and their CV's).
- Qualifications of the Presidents, deputies and the staff.
- Financial system
- Salaries system and other issues in respect of the employees and administrative structure.
- Scientific research method.

CHAPTER SIX

Ministry of Higher Education & Scientific Research

**Instructions for Licensing the Establishment of
“Private” Universities and Academic
Institutions and its Procedures**

The year 2004

Attachment to Council of Higher
Education’s Decision No. (658)
dated 26.2.2004

**Instructions for Licensing the Establishment of “Private” Universities and Academic
Institutions and its Procedures**

Article (1)

These Instructions shall be known as “Instructions for Licensing the Establishment of
“Private” Universities and Academic Institutions and its Procedures”, and they shall come
into force as of the date of their approval by the Council of Higher Education.

Article (2)

The following words and phrases shall, wherever they appear in these Instructions, have the
meanings assigned thereto hereunder, unless the context indicates otherwise:

Council:	Council of Higher Education.
Company:	A public shareholding or limited liability investment Company, or a partnership with a foreign corporation, or a non-profit Company.
Association:	Charitable or cultural Association.
University:	A private, national corporation for higher education which is owned by a non-governmental party and is to be established pursuant to the Higher Education and Scientific Research Law in force, provided the study period therein for conferring the undergraduate degree shall be not less than four years or the equivalent thereof.
Academic Institution:	A University or academic college that confers a bachelor's and/or postgraduate degree in a program including one or more specializations.
Applicant:	Founders who apply for a preliminary license forming among themselves / with others a non-profit Company / Association that owns the final licence.

Article (3)

The applications for granting the license to establish private universities shall be considered according to the following conditions and data:

- A- Priority for establishing a University or Academic Institution shall be given in densely populated areas and areas in need of more higher-education institutions, as determined by the Council.
- B- The University shall comply with the laws, regulations, instructions and licensing conditions and the general and special accrediting standards in force in the Kingdom.
- C- The well known, accredited, deep-rooted, international universities may establish branches therefor, provided they shall comply with the licensing conditions and the general and special accrediting standards in force in the Kingdom.
- D- The University that will be granted a license shall be established on one of the two following bases:
 - 1. A non-profit Company or Association that shall establish and build the University pursuant to the licensing and accrediting provisions.
 - 2. The non-profit Company or charitable Association may contract with an educational investment company against a pay or a percentage of the University's yield (total income), provided it will not exceed 15% of the University's total annual budget, of which 5% shall be reinvested annually in development (building) projects to complete the buildings and installations according to the University's request until they are complete. In return, the Company shall secure the land, infrastructure, building and fixtures according

to the requirements of the University and the licensing, accreditation and general-framework conditions.

- E- It is conditional that at least two thirds of the members of the administrative body of the Association or the non-profit Company shall be holders of a doctorate degree or shall have experience in the area of higher education.
- F- The University shall determine the adequate university fees, and it shall bear the operating and equipment expenses, provided they shall include the allocation of 3% of its annual budget for purposes of scientific research, publication, training and scientific conferences, and 2% of its annual budget for purposes delegation and acquiring of doctorate degrees. The Council shall ensure such requirements when it approves the University's annual budget and examines the annual reports submitted thereto.
- G- Licensing procedures: Licensing shall be effected in two stages:

First Stage

- A- The founders shall submit an application to the Ministry of Higher Education & Scientific Research requesting to be granted a license for the establishment of a private educational institution. Such application shall have as attachments thereto the following statements and documents:
 - A study of the economic feasibility of establishing the University or Academic Institution in terms of expected resources, annual expenses and the means of securing its continued financing in such a way as to guarantee its performance of its function in the light of a study that would indicate market needs and the numbers and specializations of Jordanian students studying abroad.
 - Names and CVs of the individual founders.
 - Name and headquarters of the University or Academic Institution.
 - A study indicating the goals and purposes of the University or Academic Institution, provided the goals of the University shall not include the realization of sectarian or political aims.
 - Faculties, departments, specializations, programs and centers to be licensed and the numbers of the students proposed to be admitted in each thereof, according to a time schedule extending for at least five years.
 - Financing available to the University or Academic Institution, and the plan of procuring the teaching staff members, technicians and employees with their numbers and qualifications.
 - It is conditional that the application for the license must be corroborated by the submission of a budget indicating the location and area of the land, the establishment cost of the facilities of the University or Academic Institution and the finance resources necessary to cover the same and the capital allocated to the institution and the sources thereof and the share of the individual founders so that the capital shall be sufficient to establish and equip the same in such a way as to enable it to realize its goals. At any rate, the capital shall be no less than five million Dinars for the University and two million Dinars for the Academic Institution, including the land (at any rate, the value of the land shall not exceed 40% of the establishment capital). The Applicant shall submit a bank certificate for this purpose.

- A statement of the periods of study, specializations and scientific degrees which will be conferred and the conditions for acquiring same, focusing on the modern specializations needed in the labour market.
 - The scientific cooperation programs and agreements with other Arab and foreign universities.
- B- The application shall be presented to the Council of Higher Education within two months from the date of its submission with the required conditions satisfied therein, and the applicant for the license shall be notified, within six months from the date of submitting his “conditions-satisfying” application, of the preliminary approval or rejection. The Council may determine the specializations which may be licensed.

Second Stage

A- In the event of issuance of a preliminary decision by the Council of Higher Education accepting the application for a license, the Applicant shall, within a maximum period of nine months from the date of being notified of the preliminary approval, submit the following statements and documents to the Council of Higher Education:

- The establishment of a non-profit Company / Association.
- A notice from the bank purporting that the value of the above-mentioned amount (five million Dinars for the University and two million Dinars for the Academic Institution, including the land) has been deposited for the account of the University or Academic Institution under establishment and shall not be drawn except with the Ministry of Higher Education & Scientific Research’s approval.
- An official document proving the Company’s or Association’s ownership of the real estate on which it is planned to establish the University or Academic Institution and its location, area and organizational plans with the approval of the department concerned with licensing of buildings. In any case, the area allocated for the University must be no less than (120) one hundred and twenty dunums; the area of the allocated land shall then increase at the rate of 30 square metres per student above the number of (4,000) four thousand students, and the maximum number of students in the University shall be (8,000) eight thousand.
- The area of the land allocated for the Academic Institution or the postgraduate studies university shall be no less than (60) sixty dunums; the area of the allocated land shall then increase at the rate of (30) square meters per student above the number of (2,000) two thousand students, and the maximum number of students in the Academic Institution/ postgraduate studies University shall be (3,000) three thousand. In any case, the University / Academic Institution must provide a parking area for the students’ buses and cars inside the campus.
An educational investment company may provide the land and establish the buildings, facilities and fixtures, provided that the non-profit Company/Association (Applicant) shall produce the contract agreed upon with the Company (in such a case, all the above financial and engineering statements shall be attached by the investment company to the documents of the applicant for the licence).
- A comprehensive plan of the location of the University or Academic Institution (Architect Brief and Master Plan) and a detailed plan of its academic and

administrative buildings and its public utilities, special facilities, deaneries and the departments and centers which include halls, laboratories, technical workshops, offices, cafeteria, students' activity centers, gymnasiums, theatres, playgrounds, library, amphitheatres, conference halls and other facilities according to the general and special standards, with lists of the equipment, furniture and educational articles and packages of the highest standard of novelty and efficiency, which shall be commensurate with the numbers of students according to the general and special accreditation standards in force. The general safety conditions as approved by the Civil Defence Directorate shall also be secured.

- A statement by the Applicant indicating the names of the nominees for the presidency and membership of the board of trustees, from the founders and other experienced and efficient persons with their individual CVs in accordance with the laws of higher education in force.
- A statement by the Applicant of the academic qualifications and academic and professional experience to be available to the president and his deputies and the deans and teaching staff members in the specializations to be taught pursuant to the Law and in accordance with the higher education laws in force.
- A statement by the Applicant of the teaching staff system to be accredited, provided that it shall include the academic grades, scientific qualifications and the conditions of appointment, promotion, teaching quorum, permanent appointment and leaves.
- A statement by the Applicant of the study plans of the programs to be licensed, with a brief description of the content of the individual study courses.
- A statement by the Applicant of the following systems:
 1. Financial system: provided it shall include an indication of the financial independence of the University and its own accounts and the powers of the president of the University in terms of ordering disbursements.
 2. The system of salaries and allowances of the teaching staff members and employees and termination benefits.
 3. Supplies and works system, indicating the powers and formation of the purchasing and tenders committees.
 4. Scientific research system, indicating the mechanism of supporting and encouraging scientific research and furthering publication.
 5. The system of scholarships, training and qualification for delegation for the Master's and Doctorate's degrees in order to prepare the cadres of the teaching staff members, in addition to training and qualifying the employees of the University or academic institution.
- Licenses shall be granted to non-profit companies or Associations, but shall not be granted to individuals.
- At any rate, the license granted to any entity shall not be transferable to another entity.
- The application for a License shall be cancelled if the Applicant fails to submit the statements and documents mentioned in Paragraph (A) above in due course, and he shall be allowed to submit a new application once.

B- The statements and documents mentioned in Paragraph (A) above shall be submitted to the Council, which shall issue its final approval of the license in the light of the submitted information. The Council may give its comments on the submitted statements and may request that they be completed within a maximum period of two months. It may also authorize an ad hoc committee to examine the

application and give its opinion thereon. In the event of the Council's final approval, the Ministry of Higher Education & Scientific Research shall issue the final licence certificate.

- C- The time interval for completing the structure of the aforesaid University shall be two years after issuance of the final license, and temporary buildings shall not be used or rented at all. The final licence shall not allow the Applicant to commence teaching except after the Council's approval thereof in the light of the recommendation of a committee for the inspection of the University's structure, installations, facilities, furniture and equipment for the specializations the buildings and equipment of which have been completed.
- D- In any case, the license granted to the non-profit Company/Association shall be cancelled, if the non-profit Company/Association is changed under any circumstances into a profit Company or Association.
- E- The Council may put forward an invitation to the private sector to establish universities or academic institutions of certain specializations for special needs to be determined by the Council.
- F- The Ministry shall receive the following amounts from the Applicant when the final licence decision is issued:
 - Fifty thousand Dinars for an Academic Institution or a branch thereof.
 - One hundred thousand Dinars for a University or a branch thereof.

CHAPTER SEVEN

(Emblem: The Hashemite Kingdom of Jordan)

Ministry of Higher Education & Scientific Research

**Application Form for the Establishment of a
Private University/Academic Institution**

THE YEAR 2004

The Hashemite Kingdom of Jordan
Ministry of Higher Education & Scientific Research

**Application Form for the
Establishment of a Private**

Date of submission of application:

FIRST STAGE:

1. Type of private institution:

- A) ☐ University
B) ☐ Academic institution
C) ☐ Branch of an accredited university

2. Proposed name of the university/academic Institution:
.....

3. The university/academic institution is academically associated with:

- A) ☐ A foreign university Name:
B) ☐ An Arab university Name:

4. A) The Founders:

1. ☐ Non-profit company Name:
2. ☐ Association Name:

B) Name and capital of the investment company (if the financing is from an investment company)

.....

5. A) Location:

Governorate:

City/Town :

B) Area of the land on which the university/academic institution will be established (the registration document should be attached):

.....
.....

C) Land plan (should be attached)

D) Total number of students of the university/academic institution:

.....
.....

6. The founders (members of the administrative body of the non-profit company/association):

No.	Name	Scientific qualification

N.B.: The C.V. of the individual founders should be attached.

7. The finance available to the university/academic institution:

A) Amount:

B) Sources:

.....

.....

.....

C) The bank guarantee (should be attached)

8. (A) Faculties, Departments, Specializations and Programs:

Faculties	Departments	Specializations	Programs	Scientific Degree	Study Period	Numbers of Students proposed to be admitted

N.B.: The C.V. of the individual founders should be attached.

(B) Names of the centres and institutes granting the academic degree to be licensed:

- a)
- b)
- c)
- d)

9. Programs of scientific cooperation agreements with Arab and foreign universities:

- A).....
- B).....
- C).....
- D).....
- E).....

10. Economic feasibility:

Submission of a budget including:

First:

- A) The land in terms of area and cost.
- B) The anticipated total number of students.
- C) A comprehensive plan of the buildings of the faculties, departments, centres and other university facilities according to the requirements of the licence and the general and special accreditation standards with their individual costs.
- D) Furniture and equipment.
- E) Expected current expenses:

- Teaching staff members, supervisors, technicians and employees and a schedule indicating their qualifications, numbers, salaries and sources.
- Other annual operating expenses.

Second: Financial resources:

- A) Development resources of the “establishment” installations and buildings.
- B) Expected resources from university and other fees to cover the annual operating expenses.
- C) Any other resources.

11. Expected time stages for implementation (building and equipment):

- A)
- B)

12. Name of representative of the founding body of the university/academic institution:

.....
.....

Postal address:

Tel.: Fax:

E-mail:

13. The following documents should be attached to the application:

A) A study of the economic feasibility of the establishment of the university/academic institution.

B) A study indicating the goals of establishing the university/academic institution and the purposes thereof.

C) The budget of the university/academic institution.

D) Corroborative documents of the items of the First Stage.

E) Documents of agreements with a foreign or an Arab university.

N.B.s:

A) The filling out of this application leads to approval/disapproval of the preliminary license. The Council of Higher Education may determine the specializations which may be licensed.

B) In the event of approval, the applicant for a license (a non-profit company/association) shall start submitting the application for the Second Stage as stated in the Instructions of “Conditions of Licensing the Establishment of “Private” Universities and Academic Institutions and its Procedures” attached hereto.

C) Kindly peruse fully and exactly the obligations of the applicant for a license in the Second Stage, in order to avoid any future dispute.